

Long Term Care Partnership Policies

Pennsylvania Homecare Association
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- What is Long Term Care Insurance?
 - Insurance - protect yourself against the risk of something untoward happening
 - Long Term Care – “coverage for functionally necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance or personal care services provided in a setting other than an acute care unit of a hospital.”
- Long Term Care Insurance – protect yourself against the risk of needing long term care that you cannot provide for yourself

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- Pennsylvania has the third highest senior population per capita in the country
- Pennsylvania has nearly 230,000 LTC insurance policyholders
- Likelihood of needing Long Term Care
 - 60% chance of needing LTC
 - 43% chance of needing nursing home care
- Average Length of Nursing Home Stay
 - 876 days = 2.4 years

➤ **Average Cost of nursing home care**

- Philadelphia –Semi-Private: \$227 daily/ \$82,855 yearly
- Pittsburgh –Semi-Private: \$227 daily/ \$82,855 yearly
- Scranton –Semi-Private: \$193 daily/ \$70,445 yearly
- National Average –Semi-Private: \$189 daily/ \$68,985 yearly

(from MetLife Mature Market Institute, October 2007)

➤ **Average cost of assisted living care**

- Philadelphia – Base rate: \$3,419 monthly/ \$41,028 yearly
- Pittsburgh – Base rate: \$2,578 monthly/ \$30,936 yearly
- Scranton – Base rate: \$2,133 monthly/ \$25,596 yearly
- National Average – Base rate: \$2,969 monthly/ \$35,628 yearly

(from MetLife Mature Market Institute, October 2007)

➤ Average cost of home health care

- Philadelphia – Hour \$17; 20 Hours \$340
- Pittsburgh – Hour \$19; 20 Hours \$380
- Scranton – Hour \$20; 20 Hours \$400
- National Average – Hour \$19; 20 Hours \$380

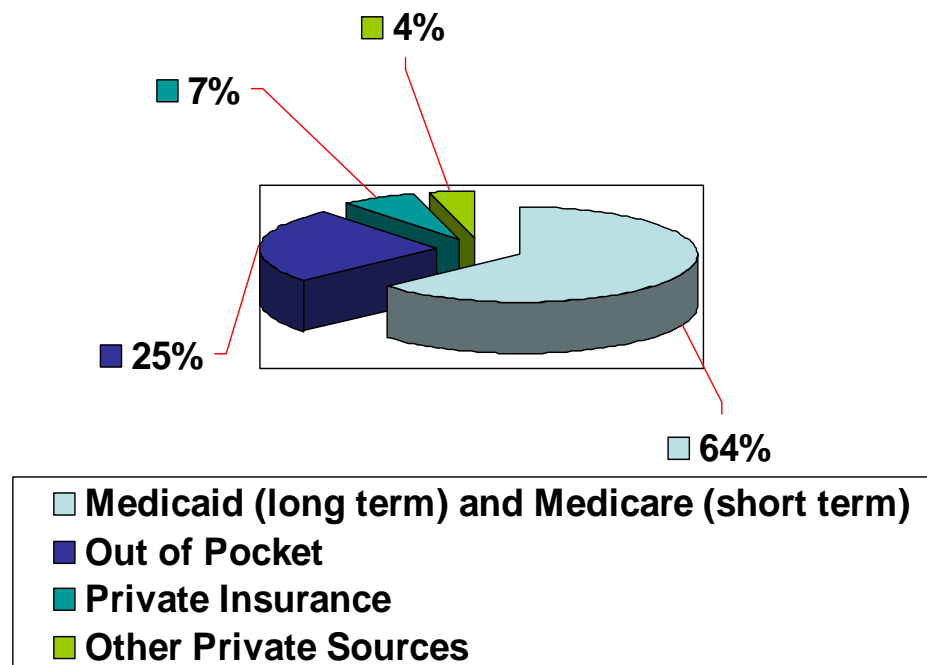
(from MetLife Mature Market Institute, October 2007)

➤ Average cost of adult day care

- Philadelphia – Day \$57; 5 Days \$285
- Pittsburgh – Day \$53; 5 Days \$265
- Scranton – Day \$49; 5 Days \$245
- National Average – Day \$61; 5 Days \$305

(from MetLife Mature Market Institute, October 2007)

Who pays for LTC services



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❖ Long Term Care Insurance – Not for Everyone

➤ LTC insurance is not cheap:

- Average yearly premium (in 2005) for comprehensive policy, with 5.5 years of benefits at a daily benefit amount of \$143, cost nearly \$2000
- Planning ahead can lower this cost:

Age	Average Premium Paid for Policies in the Market in 2005
All Ages	\$1,973
55-64	\$1,877
65-69	\$2,003
70-74	\$2,341
75 plus	\$2,604

▪*from Own Your Future booklet (downloaded August 8, 2008 from www.longtermcare.gov/campaign/PA)

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- Consumers who will benefit from purchasing LTC insurance
 - Have assets – of at least \$75,000 (not including your home or car)
 - Modest income – annual retirement income of at least \$25,000 to \$35,000 for an individual or \$35,000 to \$50,000 for a couple
 - Able to pay premiums without financial difficulty, even if premiums increase over time
 - Desire to pass on assets to another
 - Healthy

*from Own Your Future booklet (downloaded August 8, 2008 from www.longtermcare.gov/campaign/PA)

❖ Act 40 of 2007 – Recent Changes in Long Term Care Insurance

- Policies issued on or after 9/17/07 must be comprehensive
- Policyholders are protected up to \$300,000 if their LTC Insurance company becomes insolvent
- Pennsylvania established a Long Term Care Partnership program

❖ Comprehensive policies

- Allows flexibility to provide care even as the health care delivery system changes and evolves

❖ Flexibility can moderate the cost of a policy

- Reimbursement method
- Benefit levels
- Time period of coverage
- Elimination period

❖ Long Term Care Partnership

- Pennsylvania's Partnership program approved by CMS on December 19, 2007
- Five companies currently offering LTCP policies in Pennsylvania
- Almost half of the states now have Partnership programs, including New York, New Jersey and Ohio

❖ What is the Partnership

- Public-private partnership between states and private insurance companies
- Purpose: encourage individuals to purchase quality long term care insurance and at the same time reduce the outlay of government funds through Medical Assistance (MA) for long term care services

➤ LTCP Policies

- Incentive for individuals to plan ahead
- A mechanism for consumers to protect assets to pass on to the next generation, without losing the safety net of MA

➤ LTCP Policies

- Encourages consumers to plan ahead for payment of LTC
- Comprehensive coverage accommodates different methods of care
- Assurance of reimbursement at private insurance rates

➤ LTCP Policies – Good for Pennsylvania

- Conserve limited taxpayer dollars

➤ LTCP Policies – Not for Everyone

- Financial and caregiving options must be considered
- Non-Partnership policies still available
 - Tax-qualified policies
 - Inflation protection is not mandated

 - Non tax-qualified policies
 - Inflation protection is not required
 - Benefit triggers may be more flexible

❖ How does the Partnership Work – Insurance

➤ Inflation Protection

- All policies in PA must offer 5% compound annual inflation protection
- Partnership policies must provide inflation protection

Under age 61	compound annual inflation protection (equal to CPI or at least 3% fixed)
Age 61 through 75	“some level of inflation protection” – compound or simple inflation (equal to CPI or at least 3% fixed)
Age 76 or over	offer of inflation protection

➤ Tax-Qualified

- Premiums are tax deductible as itemized medical expenses
Maximum deductible amounts dependent on age:

Age	2008 Maximum Premium Amount Used to Calculate Tax Deduction Per Individual
40 or Younger	\$310
41-50	\$580
51-60	\$1,150
61-70	\$3,080
70 or Older	\$3,850

Tax – Qualified (cont'd)

- Consumer Protections
 - Guaranteed Renewable
 - Nonforfeiture Provisions
 - Inflation Protection
 - Cover only qualified LTC services

- Benefit Triggers
 - Qualified LTC services received by a chronically ill individual provided under a plan of care prescribed by a licensed health care practitioner

- Non-duplication of Medicare benefits

➤ **Consumer Protections** – federal law for the Partnership is consistent with (or weaker than) Pennsylvania law

- Cancellation, Termination, Nonrenewability, and Renewability
- Eligibility/Pre-Existing Conditions
- Disclosures
- Premium Rates
- Prohibition Against Post-Claims Underwriting
- Right to Return
- Extension of Benefits
- Nonforfeiture Benefits/Lapse
- Benefits Triggers
- Minimum Standards
- Inflation Protection
- Suitability
- Producer Licensing and Education
- Producer Compensation

❖ How Does the Partnership Work – Medical Assistance

- Individual uses LTC insurance prior to tapping MA
- Eligibility for MA – Must satisfy MA eligibility requirements
- Asset Protection – Dollar-for-Dollar
 - Partnership allows asset protection equal to the benefits paid by the policy
 - Example: a person whose qualifying policy paid for \$200,000 of care would be entitled to keep \$200,000 in assets above the normal limit if they need to apply for MA in the future. Those same assets would also be protected from the MA Estate Recovery Program.

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❖ Notifications

- At the time of purchase – benefits the consumer
- At the time of receiving benefits – benefits the provider

See samples in the materials



❖ Partnership benefits can be lost

- If changes are made to the policy
- If the consumer moves to a non-Partnership state
- If changes are made in federal or state law

❖ Open Issues

- Exchanges
- Reciprocity
- General LTC Issues

- Claims Submission Tips
 - As soon as a person accesses any care that may be covered, contact the insurer to determine coverage limitations, claims submission instructions and forms
 - Keep in one place a record of all written and verbal communications with an insurer
 - Include date, name and job title of person with whom you spoke, what was said

- Claims Submission Tips (Cont'd)
 - Send claim submissions by certified/return receipt requested mail or verifiable electronic means
 - Identify in a cover communication to your claim submission each and every document enclosed
 - Keep copies of all submissions
 - Use the correct full name, the same way, for both patient and provider, on every communication
 - Use correct names, dates, identification numbers, procedure codes, and other information for both provider and patient
 - Be sensitive to HIPAA privacy requirements; have signed authorizations on file
 - Providers should be prepared to submit records for a patient's claims

- Claims Submission Tips (Cont'd)
 - Patients should verify that providers are charging for proper dates, times, services
 - Establish a tickler system to check the status of unpaid claims
 - If your claim is denied, get the denial in writing
 - Make prompt appeals of any claims you believe are wrongly denied
 - Keep a record of your time and expenses in submitting claims
 - In case of difficulty, contact the Insurance Department

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Regional Offices:

- Bureau of Consumer Services
Consumer Hotline:
1-877-881-6388
Consumer Questions:
ra-in-consumers@state.pa.us

Harrisburg:
Room 1209 Strawberry Square
Harrisburg State Office
Building #1
Harrisburg, PA 17120
Telephone: (717) 787-2317
Fax: (717) 787-8585

Philadelphia:
Room 1701 State Office Building
1400 Spring Garden Street
Philadelphia, PA 19130
Telephone: (215) 560-2630
Fax: (215) 560-2648

Pittsburgh:
Room 304 State Office Building
300 Liberty Avenue
Pittsburgh, Pa 15222
Telephone: (412) 565-5020
Fax: (412) 565-7648

❖ Summary – A Partnership policy provides:

- comprehensive coverage
- different benefit levels and time periods of coverage
- beneficial tax treatment
- inflation protection features
- dollar-for-dollar asset protection

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❖ Additional Resources

Pennsylvania Insurance Department
www.insurance.state.pa.us
1-877-881-6388

Department of Aging
www.aging.state.pa.us
1-717-783-1550

Pennsylvania Long Term Care Partnership
www.longtermcare.state.pa.us
1-866-286-3636

APPRISE – State Health Insurance
Assistance Program
www.aging.state.pa.us
1-800-783-7067

Department of Public Welfare
www.dpw.state.pa.us
1-800-692-7462

Own Your Future
www.longtermcare.gov/campaign/PA
1-888-482-3931
TTY users – 1-800-427-5605

Office of Long Term Living
www.dpw.state.pa.us/About/OLTL
1-866-286-3636

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